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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
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DIVISION OF MARKET REGULATION

SEC FILE NUMBER

8-27970

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 07/01/03 AND ENDING 06/30/04
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: L.J. Goldstein & Co., Inc.

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1865 Palmer Ave

FIRM I.D. NO.

(No. and Street)

Larchmont

NY

10538-

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Lawrence Goldstein

914-833-0875

(Area Code Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Donald R Valane, CPA, PC

(Name - if individual, state last, first, middle name)

338 Lafayette Street

New York

NY

10012-

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

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THOMSON
FINANCIAL

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

Potential persons who are to respond to the collection of
information contained in this form are not required to respond
unless the form displays a currently valid OMB control number.

SEC 1410 (06-02)

10-18-04

OATH OR AFFIRMATION

I, Lawrence Goldstein, swear or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of L.J. Goldstein & Company, Inc., as of June 30, 2004, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

L J Goldstein
Signature

President

Title

Gilda A. Corrao
Notary Public

GILDA A. CORRAO
Notary Public, State of New York
No. 01CO4502464
Qualified in Westchester County
Commission Expires 5/21/07
Gilda A. Corrao

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240. 17a-5(e)(3).

L.J. GOLDSTEIN & COMPANY, INC.

REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

REPORT ON INTERNAL CONTROL STRUCTURE

JUNE 30, 2004

Donald R. Valane C.P.A. P.C.
338 Lafayette Street
New York, NY 10012
212-879-2612

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Stockholders
L.J. Goldstein & Company, Inc.

We have audited the accompanying statement of financial condition of L.J. Goldstein & Company, Inc. as of June 30, 2004 and the related statements of operations, stockholder's equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of L.J. Goldstein & Company, Inc. as of June 30, 2004 and the results of its operations, stockholder's equity and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Donald R. Valane
Certified Public Accountants, P.C.

August 20, 2004
New York, New York

L.J. GOLDSTEIN & COMPANY, INC.
STATEMENT OF FINANCIAL CONDITION
JUNE 30, 2004

ASSETS

Cash	\$ 180,819
Receivable from brokers and dealers	4,256
Securities owned	<u>29,262</u>
	<u>\$ 214,337</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:	
Accrued expenses and other liabilities	<u>\$ 14,523</u>
	<u>14,523</u>
Commitments and contingencies	
Stockholder's equity	
Common stock, no par; authorized 200 shares; issued and outstanding 100 shares	10,500
Retained earnings	<u>189,314</u>
	<u>199,814</u>
	<u>\$ 214,337</u>

See notes to financial statements.

L.J. GOLDSTEIN & COMPANY
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2004

Revenues:

Unrealized gains	\$ (1,998)
Commissions	99,402
Interest and dividends	1,119
	<u>98,523</u>

Expenses:

Salaries and payroll costs	50,216
Commissions and clearing charges	33,954
Other operating expenses	11,072
	<u>95,242</u>

Income before income taxes	3,281
Income taxes	<u>776</u>
Net income	<u><u>\$ 2,505</u></u>

See notes to financial statements.

L.J. GOLDSTEIN & COMPANY, INC.
STATEMENT OF STOCKHOLDER'S EQUITY
YEAR ENDED JUNE 30, 2004

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance - July 1, 2003	\$ 10,500	\$ 186,809	\$ 197,309
Net income	<u>-</u>	<u>2,505</u>	<u>2,505</u>
Balance - June 30, 2004	<u>\$ 10,500</u>	<u>\$ 189,314</u>	<u>\$ 199,814</u>

See notes to financial statements.

L.J. GOLDSTEIN & COMPANY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2004

Cash flows from operating activities:

Net income	\$ 2,505
Unrealized loss	1,998
	<u>4,503</u>

Adjustments to reconcile net income to net cash
provided by operating activities:

Increase in due from brokers and dealers	(697)
Increase in securities owned	(8,275)
Decrease in accrued expenses and other liabilities	<u>(23,804)</u>

Total adjustments	<u>(32,776)</u>
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Net cash provided by (used in) operating activities	<u>(28,273)</u>
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Net decrease in cash	(28,273)
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Cash - Beginning of year	<u>209,092</u>
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Cash - End of year	<u><u>\$ 180,819</u></u>
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Supplemental disclosures of cash flow information:

Cash paid during the year for:
Interest

\$ -

Income taxes

\$ 575

See notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Company is a registered broker-dealer and clears its securities transactions on a fully-disclosed basis with another broker dealer.

Securities Transactions

Securities transactions are recorded on settlement date, generally the third business day following the trade date. There is no material difference between the accounting on a settlement date basis as compared to a trade date basis.

Securities Owned

Securities owned and securities sold, but not yet purchased are recorded at current market value and consist substantially of equities. Securities not readily marketable are valued at fair value as determined by management.

Clearing Arrangements

The Company as a non-clearing broker does not handle any customer funds or securities. The responsibility for processing customer activity rests with the Company's clearing firm, Pershing, LLC.

If a customer or a counterparty fail to perform, the Company may sustain a profit or a loss if the market value of the securities differs from the contract price. During the year ended June 30, 2004, no such material losses have occurred. The Company is located in New York and its customers are located throughout the United States.

2. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist of the following:

- a. Cash and cash equivalents in uninsured money market funds totaled \$180,819 at June 30, 2004.
- b. Securities owned totaling \$29,262, which are being held by the Company's clearing firm are uninsured by SIPC.

L.J. GOLDSTEIN & COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

3. COMMITMENTS AND CONTINGENCIES

The Company sub-leases an office in Larchmont, New York from a related party. There is no formal lease agreement between the Company and the related party. It is the intention of both parties to continue this arrangement until the expiration of the lease. There was no rent expense for the year ended June 30, 2004.

4. NET CAPITAL REQUIREMENT

The Company is subject to the Securities and Exchange Commission uniform net capital Rule (Rule 15C3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At June 30, 2004, the Company had net capital of \$181,098, which was \$176,098 in excess of its required net capital of \$5,000. The Company had a percentage of aggregate indebtedness to net capital of .08 to 1 as of June 30, 2004.

5. FINANCIAL INSTRUMENTS

The Company believes that the carrying amount of cash and cash equivalents, receivables, securities owned, other assets and accrued expenses approximate fair value. Fair value has been determined by management estimates.

6. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Donald R. Valane C.P.A. P.C.
338 Lafayette Street
New York, NY 10012
212-879-2612

INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY INFORMATION
REQUIRED BY SEC 17a-15 OF THE SECURITIES AND EXCHANGE
COMMISSION

L.J. Goldstein & Company, Inc.
Board of Directors and Stockholders

We have audited the financial statements of L.J. Goldstein & Company, Inc. as of and for the year ended June 30, 2004 and have issued our report thereon dated August 20, 2004. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules 1 and 2 on the following pages are presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Donald R. Valane
Certified Public Accountants, P.C.

August 20, 2004

SCHEDULE 1

L.J. GOLDSTEIN AND COMPANY, INC.
 COMPUTATION OF NET CAPITAL UNDER RULE 15C-3-1 OF
 THE SECURITIES AND EXCHANGE COMMISSION
 JUNE 30, 2004

Net Capital:		
Total stockholder's equity		\$ 199,814
Liabilities subordinated to the claims of general creditors		<u>-</u>
Total capital and allowable subordinated liabilities		199,814
Deductions and/or charges		
Non-allowable assets		
Other assets and deductions	\$	<u>-</u>
Total deductions and/or charges		<u>-</u>
Net capital before haircuts on securities positions		199,814
Haircuts		<u>18,716</u>
Net capital		<u>\$ 181,098</u>
Aggregate Indebtness:		
Accrued expenses and other current liabilities		<u>\$ 14,523</u>
		<u>\$ 14,523</u>
Computation of Basic Net Capital Requirements:		
Minimum net capital requirement		<u>\$ 5,000</u>
Excess of net capital over minimum requirements		<u>\$ 176,098</u>
Excess net capital at 1000%:		
Basic net capital		\$ 181,098
Aggregate Indebtness	\$ 14,523	
10% of aggregate indebtedness		<u>1,452</u>
Excess net capital at 1000%		<u>\$ 179,646</u>
Aggregate indebtedness to net capital		<u>8.0%</u>
Reconciliation with company's computation (included in part II of Form X-17A-5 as of June 30, 2004)		
Net capital, as reported in Company's part II (Unaudited)		
Focus report		\$ 181,098
Net audit adjustments		<u>-</u>
Net capital per above		<u>\$ 181,098</u>

SCHEDULE 1 (CONT)

L.J. GOLDSTEIN AND COMPANY, INC.
 COMPUTATION OF NET CAPITAL UNDER RULE 15C-3-1 OF
 THE SECURITIES AND EXCHANGE COMMISSION
 STATEMENT OF HAIRCUTS
 JUNE 30, 2004

		<u>Percent of Haircut</u>	<u>Haircut</u>
Securities at Market Value	\$ 29,262		
Less: Securities subject to market blockage	12,600	100%	\$ 12,600
Less: Securities with a limited market and subject to a 40% haircut	<u>-</u>	40%	-
Balance-Readily traded securities subject to a 15% haircut	<u>16,662</u>	15%	2,499
Shorts	-		
Less: 25% of longs	<u>7,316</u>		
Balance at 15%	-	15%	-
Money market	180,819	2%	3,616
Undue concentration longs (15% haircut)	-	15%	-
Undue concentrations shorts (15% haircut)	-	15%	<u>-</u>
Total Haircuts			<u>\$ 18,716</u>

SCHEDULE 2

L.J. GOLDSTEIN & COMPANY, INC.
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
FOR BROKERS AND DEALERS PURSUANT TO RULE 15C3-3
JUNE 30, 2004

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934, in that the Company's activities are limited to those set forth in the conditions for exemption appearing in paragraph (k) (2) (ii) of the Rule.

Donald R. Valane C.P.A. P.C.
338 Lafayette Street
New York, NY 10012
212-879-2612

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE

Board of Directors and Stockholders
L.J. Goldstein & Company, Inc.

In planning and performing our audit of the financial statements of L.J. Goldstein & Company, Inc. for the year ended June 30, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures for determining compliance with the exemptive provisions of Rule 15c3-3). We did not review the quarterly securities examinations, counts, verifications and comparisons and the recordation of differences required by Rule 17a-13 or in complying the requirements for prompt payment for the securities under section 8 of the Regulation T of the Board of Governors of the Federal Reserve System because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining a system of internal accounting control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguard against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any system of internal accounting control or the practice and procedures referred to above, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions; however, we noted no matters involving the internal control structure that we consider to be material weakness as defined above, except for:

The size of the business and resultant limited number of employees on the effectiveness of those internal control structure procedures that depend on the segregation of duties. Since this condition is inherent in the size of the Company, the specific weakness are not described herein and no corrective action has been taken or proposed by the Company.

The foregoing condition was considered in determining the nature, timing and extent of the procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and or our study, we believe that the Company's practices and procedures were adequate at June 30, 2004 to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the National Association of Securities Dealers and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purposes.

A handwritten signature in black ink, reading "Donald R. Valane". The signature is fluid and cursive, with a long horizontal stroke at the end.

Donald R. Valane
Certified Public Accountants, P.C.

August 20, 2004